

Message Text

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PAGE 01 GENEVA 07610 231310Z

47

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-06 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 AF-04 OIC-02 /119 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC 9784

INFO AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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EO 11652: N/A

TAGS: GATT ETRD

SUBJ: GATT TEXTILE COMMITTEE MEETING, DECEMBER 18-19, 1974

1. GATT TEXTILES COMMITTEE (TC) MEETING HELD DECEMBER 18-19

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PAGE 02 GENEVA 07610 231310Z

SERVED TWO KEY PURPOSES: IT PROVIDED A FORUM FOR EXPRESSION

OF VIEWS OF TEXTILE IMPORTING AND EXPORTING COUNTRIES CONCERNING FIRST YEAR OF OPERATION OF ARRANGMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA) AND SERVED AS BACKGROUND FOR BEHIND-THE-SCENES NEGOTIATIONS TO SELECT MEMBERSHIP OF TEXTILES SURVEILLANCE BODY (TSB) FOR 1975. INTENSIVE PRELIMINARY DISCUSSIONS ON POTENTIALLY CONTROVERSIAL ISSUES ON TC AGENDA WERE HELD DURING SERIES OF MEETINGS FROM DECEMBER 12-18 OF QUOTE RESTRICTED GROUP UNQUOTE COMPRISING DELEGATES FROM FIFTEEN MAJOR TEXTILE NATIONS. PRIME CONCERNS OF US DELEGATION CENTERED AROUND (A) POSITION OF EC AND EXPORTING COUNTRIES REGARDING "SELECTIVITY" ISSUE ARISING FROM INTERPRETATION OF ARTICLE 4 OF MFA AND (B) SELECTION OF MEMBERSHIP OF TSB FOR 1975.

2. AFTER STRONG PRESSURE FROM US DEL, EC DEL AGREED NOT TO RAISE ISSUE OF ARTICLE 4 INTERPRETATION BUT SAID WOULD

HAVE TO MAKE "SOME COMMENT" IF ISSUE RAISED BY ANY OTHER DEL. EC DEL DID RESTATE ITS VIEW THAT EQUITY PROVISIONS OF MFA GUARANTEED IMPORTING COUNTRIES (USING SELECTIVE BILATERALS) AGAINST POSSIBLE DEFLECTION OF TRADE RESULTING FROM COMPREHENSIVE BILATERALS BETWEEN OTHER COUNTRIES. BY TIME OF OPENING PLENARY SESSIONS IT WAS CLEAR THAT THERE WAS NO ENTHUSIASM ANYWHERE FOR DEBATE ON ARTICLE 4 "SELECTIVITY ISSUE" AND IT WAS NOT RAISED IN PLENARY SESSIONS. WHILE NOT REFERRING DIRECTLY TO "SELECTIVITY" ISSUE, PAKISTAN, INDIA AND JAPAN DELS MADE CLEAR THEIR VIEW THAT THE ONLY REAL ISSUE IN INTERPRETATION OF ARTICLE 4 WAS WHETHER OR NOT ARTICLE 4 BILATERALS SIGNIFICANTLY IMPROVED MARKET ACCESS. IF THEY DID SO "IN OVERALL TERMS", THEY WERE CLEARLY COMPATIBLE WITH THE PROVISIONS OF ARTICLE 4.

3. EARLY AGREEMENT (WITHIN "RESTRICTED GROUP") WAS REACHED ON SEVEN OF EIGHT TSB SEATS WITH SELECTION OF BRAZIL, CANADA, EC, USA, HONG KONG, INDIA, AND JAPAN. CHOICE OF COUNTRIES FOR REMAINING EIGHTH (TRIPARTITE) SEAT PROVED PARTICULARLY DIFFICULT DUE PERSISTENT EC OPPOSITION TO COMPLETE CONTROL OF SEAT BY DEVELOPING EXPORTING COUNTRIES; DEVELOPING COUNTRY OPPOSITION TO LIMITED OFFICIAL USE

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PAGE 03 GENEVA 07610 231310Z

EASTERN EUROPEAN SHARE IN SEAT AND TO US OPPOSITION TO SEATING OF ANY COUNTRY WHICH HAD NOT ACCEPTED OR ACCEDED TO THE ARRANGEMENT. IF US POSITION ON ACCEPTANCE ELIGIBILITY HAD NOT PREVAILED, BOTH MEXICO AND COLUMBIA WOULD HAVE BEEN STRONG CANDIDATES FOR TRIPARTITE SEAT AND IN POSITION (WITH BRAZIL SEATED) TO COORDINATE THEIR EFFORTS IN TSB AGAINST COMPREHENSIVE BILATERALS DURING 1975. WITH ALL PARTIES RIGID IN POSITIONS, RESULTANT FORCES

PRODUCED LAST MINUTE COMPROMISE GIVING SEAT TO AUSTRIANS AND PHILIPPINES WITH THIRD COUNTRY TO BE DECIDED FROM ELIGIBLE (ACCEDED OR ACCEPTED) LIST BY TC AT A LATER, UNSPECIFIED DATE. CHOICE OF PHILIPPINES WAS DUE ALMOST ENTIRELY TO EFFORT AND SUPPORT BY US DEL.

4. CONFLICTING VIEWS BETWEEN IMPORTING AND EXPORTING COUNTRIES ON APPLICABILITY AND EXTENT OF REPORTING REQUIREMENTS ON STRUCTURAL ADJUSTMENT STEPS TAKEN BY PARTICIPATING COUNTRIES (QUESTION REFERRED TO TC BY TECHNICAL SUBGROUP) RESULTED IN DECISION TO HAVE SECRETARIAT ATTEMPT UPDATE OF WORK DONE IN THIS AREA BY TC DURING "FACT FINDING" EXERCISE PRECEDING MFA NEGOTIATIONS.

5. TC DUE OPPOSITION EASTERN EUROPEAN DELS WAS UNABLE TO REACH UNANIMITY ON QUESTION OF NOTIFICATION OF NEW RESTRICTIONS IMPOSED ON NON-PARTICIPANTS. TEC REPORT WILL STATE, HOWEVER, THAT TC FINDS SUCH REPORTING "HIGHLY DESIRABLE AND NECESSARY". US DELEGATION JOINED LARGE MAJORITY IN SUPPORTING NECESSITY FOR SUCH NOTIFICATION.

6. PARAGUAY, A NON-CONTRACTING PARTY, NOTIFIED ITS ACCESSION TO THE MFA UNDER THE TERMS OF PARAGRAPH 2 ARTICLE 13.

7. AUSTRALIA'S DECISION TO IMPOSE TARIFF QUOTAS ON SIX TEXTILE ITEMS WAS RAISED BY NUMBER EXPORTING COUNTRY DELS. AUSTRALIA DEL, IN BRIEF STATEMENT, TOOK POSITION THAT MFA DOES NOT APPLY TO TARIFFS. AUSTRALIAN DEL ALSO MAINTAINED THAT SINCE TARIFFS IN QUESTION WERE QUOTE UNBOUND UNQUOTE, AN INCREASE IN THOSE TARIFFS IN NO WAY VIOLATED PROVISIONS OF GATT. PREDICTABLY, AUSTRALIAN POSITION MET STRONG CRITICAL OPPOSITION PARTICULARLY FROM JAPAN, AND THIS IS LIMITED OFFICIAL USE

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PAGE 04 GENEVA 07610 231310Z

SUE ALMOST CERTAIN BE RAISED AGAIN EITHER IN TSB OR GATT COUNCIL.

8. DELEGATES WERE UNANIMOUS IN THEIR AGREEMENT THAT TSB FUNCTIONED WELL DURING FIRST YEAR OF OPERATION. WHILE AGENDA ITEM CONCERNING ANNUAL REVIEW OF MFA PROVIDED FORUM FOR RESTATEMENT OF SOME CONTENTIOUS POSITIONS PREVIOUSLY RAISED BUT NOT RESOLVED IN TSB, DELEGATIONS, FOR MOST PART, LIMITED THEMSELVES TO UNEXCEPTIONABLE STATEMENTS FOR RECORD RATHER THAN RISK PROVOCATION POTENTIALLY DIVISIVE DEBATE.

ABRAMS

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